GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2435
ANSWERED ON:18.03.2005
CROP LOAN
Thakkar Smt. Jayaben B.

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has declared a policy under which crop loans to the farmers have to be provided at 9% per annum;

(b) if so, whether the Union Government has consulted the States before forming the policy;

(c) if so, the details thereof; and

(d) whether the views of the Gujarat Government were taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (d) The National Agriculture Policy, 2000 formulated in consultation with the State Governments, mentioned the Governments endeavour to provide adequate and timely supply of credit at reasonable rates to the farmers. As per the interest rate guidelines of the Reserve Bank of India (RBI), interest rate on loans given by the Commercial Banks are deregulated except that interest rate on loans up to Rs. 2.00 lakh should not exceed the Benchmark Prime Lending Rate (BPLR). Commercial Banks are free to decide their lending rates for loans above Rs. 2.00 lakh subject to announcement of their BPLR. However, the Government on 16th July, 2003 had announced reduction in the lending rate for agriculture with a view to extending full benefit of declining interest rate to agriculture sector, particularly to the small and marginal farmers. Consequent to the announcement, all Public Sector Banks have reduced their lending rate to a single digit rate not more than 9% per annum and in some cases 8.5% per annum on crop loans up to ceiling of Rs. 50,000/-. The single digit lending rate have benefited most of crop loan account holders and have covered almost all small and marginal farmers.